

**SECURE ENERGY SERVICES INC.**

Interim Consolidated Financial Statements (unaudited)

**As at and for the three months ended March 31, 2010**

**SECURE ENERGY SERVICES INC.**  
**Interim Consolidated Balance Sheets**

<i>(\$000's) (unaudited)</i>	<b>March 31, 2010</b>	December 31, 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	49,908	235
Accounts receivable	9,119	5,694
Prepaid expenses and deposits	368	320
Inventories	458	682
Other assets	-	38
	<b>59,853</b>	6,969
<b>Notes receivable</b>	464	459
<b>Future income tax asset</b>	1,724	1,645
<b>Assets under construction</b>	11,674	7,345
<b>Property, plant and equipment</b>	75,468	78,383
<b>Intangible assets</b>	255	272
<b>Goodwill</b>	1,906	1,906
<b>Total Assets</b>	<b>151,344</b>	96,979
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	6,195	3,326
Current portion of capital lease obligations	339	347
	<b>6,534</b>	3,673
<b>Long term debt (note 3)</b>	-	4,788
<b>Capital lease obligations (note 11)</b>	183	217
<b>Asset retirement obligation (note 4)</b>	3,199	3,145
	<b>9,916</b>	11,823
<b>Guarantees (note 8)</b>		
<b>Commitments &amp; Contingencies (note 11)</b>		
<b>Shareholders' Equity</b>		
Share capital (note 5)	144,721	89,992
Contributed surplus (note 5)	798	694
Deficit	(4,091)	(5,530)
	<b>141,428</b>	85,156
<b>Total Liabilities and Shareholders' Equity</b>	<b>151,344</b>	96,979

*See accompanying notes to interim consolidated financial statements*

**SECURE ENERGY SERVICES INC.**  
**Interim Consolidated Statements of Operations, Comprehensive Income and Deficit**

	For the Three Months Ended March 31,	
<i>(\$000's except per share data) (unaudited)</i>	2010	2009
<b>Revenue</b>	12,201	6,369
<b>Operating expenses</b>	4,567	2,236
	<b>7,634</b>	<b>4,133</b>
<b>Expenses</b>		
General and administrative	1,092	1,109
Stock-based compensation (note 5)	104	103
Business development	114	10
Interest and financing	163	-
Depletion, depreciation and accretion	3,713	2,201
	<b>5,186</b>	<b>3,423</b>
<b>Other Revenue</b>		
Interest	7	50
<b>Income for the period before taxes</b>	<b>2,455</b>	<b>760</b>
<b>Future income tax expense</b>	<b>1,016</b>	<b>249</b>
<b>Net income and comprehensive income</b>	<b>1,439</b>	<b>511</b>
<b>Deficit, beginning of period</b>	<b>(5,530)</b>	<b>(2,772)</b>
<b>Deficit, end of period</b>	<b>(4,091)</b>	<b>(2,261)</b>
<b>Earnings per share (note 6)</b>		
Basic and diluted	<b>0.03</b>	0.01

*See accompanying notes to interim consolidated financial statements*

**SECURE ENERGY SERVICES INC.**  
**Interim Consolidated Statements of Cash Flows**

	For the Three Months Ended March 31	
<i>(\$000's) (unaudited)</i>	2010	2009
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net Income for the period	1,439	511
Items not affecting cash:		
Depletion, depreciation and accretion	3,713	2,201
Future income tax expense	1,016	249
Stock-based compensation (note 5)	104	103
Amortization of financing fees	113	37
Loss on disposal of property, plant and equipment	43	-
	<b>6,428</b>	<b>3,101</b>
Change in non-cash working capital	<b>(783)</b>	<b>(1,597)</b>
	<b>5,645</b>	<b>1,504</b>
<b>Financing activities</b>		
Issue of capital, net of issuance costs (note 5)	53,634	(40)
Repayment of long term debt	(4,900)	-
Net change in non-cash financing activities working capital	(5)	(5)
	<b>48,729</b>	<b>(45)</b>
<b>Investing activities</b>		
Purchase of property plant and equipment	(5,143)	(7,458)
Proceeds from the sale of property, plant and equipment	2	-
Net change in non-cash investing activities working capital	440	(6,945)
	<b>(4,701)</b>	<b>(14,403)</b>
Increase (decrease) in cash and cash equivalents	49,673	(12,944)
Cash and cash equivalents, beginning of period	235	14,892
Cash and cash equivalents, end of period	<b>49,908</b>	<b>1,948</b>
Taxes paid	-	-
Interest paid	51	-

*See accompanying notes to interim consolidated financial statements*

## **SECURE ENERGY SERVICES INC.**

### **Notes to the Interim Consolidated Financial Statements**

**As at and for the three months ended March 31, 2010 and 2009 (unaudited)**

*(Expressed in 000's except for share and per share information)*

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#### **1. DESCRIPTION OF THE BUSINESS**

Secure Energy Services Inc. (the "Corporation") is incorporated under the Business Corporations Act (Alberta) and is primarily engaged in clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing and landfill disposal. The Corporation provides a range of these services in each of its nine operating facilities throughout Alberta and British Columbia.

In March 2010, the Corporation filed a long form prospectus (the "Prospectus") which constituted the Corporation's initial public offering ("IPO") of common shares. In connection with the filing of the Prospectus and the IPO, the Corporation offered 19,166,667 common shares at a price of \$3.00 per common share. On March 23, 2010, the Corporation received approval to list its common shares on the Toronto Stock Exchange ("TSX") and commenced trading under the symbol "SES" on March 30, 2010.

#### **Seasonality of Operations**

In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. As a result, the movement of the heavy equipment required for drilling and well servicing activities may be restricted, and the level of activity of the Corporation's customers may be consequently reduced and as such the level of oilfield waste processing and landfill disposal is therefore reduced accordingly. In addition, the transportation of heavy waste loads is restricted resulting in smaller loads and a general reduction in the volume of waste delivered to Corporation's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's activity levels. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The unaudited interim consolidated financial statements are stated in Canadian dollars and have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") following the same accounting policies and methods of computation as the annual audited consolidated financial statements for the year ended December 31, 2009. The disclosures provided herein are incremental to those included with the annual consolidated financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and notes thereto.

The accounting principles applied are consistent with those as set out in the annual audited consolidated financial statements of Secure Energy Services Inc. for the year ended December 31, 2009 except as noted in the following paragraph.

## SECURE ENERGY SERVICES INC.

### Notes to the Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in 000's except for share and per share information)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Business combinations, Consolidated financial statements and Non-controlling interests:

Effective January 1, 2010 the Corporation has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests. The new Business Combinations standard provides guidance as to what an acquirer must measure when it obtains control, the basis of valuation and the date at which the valuation should be determined. The majority of acquisition-related costs must be expensed in the periods they are incurred. Section 1582 will be applicable for acquisitions that are completed on or after November 1, 2011 although early adoption in 2010 is permitted to facilitate the transition to IFRS in 2011. The Corporation has elected to early adopt Handbook Section 1582. The Consolidated Financial Statements standard provides clarification for preparing consolidated financial statements after the acquisition date. The Non-controlling Interests standard provides guidance on the accounting and presentation of non-controlling interest. All of these new standards must all be adopted concurrently. The adoption of these new standards has not impacted the financial statements as currently presented, however accounting for future acquisitions maybe affected. The above CICA Handbook sections are converged with International Financial Reporting Standards ("IFRS"). The Corporation will be required to report its results in accordance with IFRS beginning in 2011. The Corporation is currently assessing the impact of the convergence of Canadian GAAP with IFRS on the Corporation's financial results of operations, financial position and disclosures.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Certain comparative figures have been reclassified where necessary to conform with the current period's presentation.

## 3. LONG TERM DEBT

(000's)	Mar 31, 2010	Dec 31, 2009
	\$	\$
Amount drawn on the secured credit facility	-	4,900
Financing fees	-	(112)
<b>Total</b>	<b>-</b>	<b>4,788</b>

The secured credit facility (the "Credit Facility") consists of a \$35.0 million committed revolving term facility, renewable on May 31, 2011, bearing interest at 1.5% to 2.5 % above the Bank Prime rate, depending on certain minimum financial ratios to be maintained by the Corporation. The Credit Facility is a multi-use facility to provide capital project financing, working capital requirements and letters of guarantee in support of financial security requirements and is secured by a \$200.0 million debenture providing a first fixed charge over the Corporation's real properties and a floating charge over all present and after acquired property not subject to the fixed charge.

## SECURE ENERGY SERVICES INC.

### Notes to the Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in 000's except for share and per share information)

#### 3. LONG TERM DEBT (continued)

As part of the issuance of the Credit Facility in December 2009, the Corporation incurred transaction costs in the amount of \$0.1 million, of which the entire amount was offset against the outstanding principle balance of the debt. The transaction costs are recognized as interest expense over the minimum term of the debt using the effective interest rate method. During March 2010, the outstanding amount owing on the Credit Facility was paid off in full. As a result of the repayment of the debt, the transaction costs initially offset against the outstanding debt balance were expensed in full during the three months ended March 31, 2010. The Credit Facility remains available for use by the Corporation under its original terms.

#### 4. ASSET RETIREMENT OBLIGATIONS

The future asset retirement obligations were estimated by management based on the Corporation's estimated costs to remediate, reclaim and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation has estimated the net present value of its total asset retirement obligation to be \$3.2 million at March 31, 2010 (December 31, 2009: \$3.1 million) based on a total future liability of \$7.3 million (December 31, 2009: \$7.3 million). These costs are expected to be incurred over the next two to twenty-four years. The Corporation's credit adjusted risk free interest rate of 7% and an inflation rate of 3% were used to calculate the net present value of asset retirement obligation.

The following table provides a reconciliation of the Corporation's asset retirement obligations:

(000's)	Mar 31, 2010	Dec 31, 2009
	\$	\$
Asset retirement obligation, beginning of period	3,145	2,370
Obligations added through development activities	-	991
Revisions to estimates	-	(406)
Accretion expense	54	190
Asset retirement obligation, end of period	3,199	3,145

#### 5. SHARE CAPITAL

##### a) Authorized

Unlimited number of common voting shares of no par value

Unlimited number of preferred shares of no par value

**SECURE ENERGY SERVICES INC.****Notes to the Interim Consolidated Financial Statements****As at and for the three months ended March 31, 2010 and 2009 (unaudited)***(Expressed in 000's except for share and per share information)***5. SHARE CAPITAL (continued)****b) Issued and outstanding**

	<b>Number of Shares</b>	<b>Amount (\$000's)</b>
<b>Balance, December 31, 2008</b>	39,962,075	85,493
Private placement	1,658,217	4,510
Employee share ownership plan	11,699	32
Share issue costs	-	(60)
Future tax effect of share issue costs	-	17
<b>Balance, December 31, 2009</b>	41,631,991	89,992
Initial public offering	19,166,667	57,500
Employee share ownership plan	15,990	44
Share issue costs	-	(3,909)
Future tax effect of share issue costs	-	1,094
<b>Balance, March 31, 2010</b>	60,814,648	144,721

On March 23, 2010, the Corporation completed an IPO of its common shares. 19,166,667 common shares were issued through a prospectus at a price of \$3.00 per common share, resulting in gross proceeds of \$57.5 million. Agent's fees incurred in connection with the IPO were \$3.2 million, resulting in net proceeds to the Corporation of \$54.3 million. In addition, \$0.7 million of direct and incremental costs incurred in connection with the IPO transaction were applied against the proceeds in shareholder's equity during the three months ended March 31, 2010.

**c) Stock Option Plan**

In order to comply with the rules and policies of the TSX and other applicable laws, the Corporation has adopted a new stock option plan (the "Plan") effective as of March 23, 2010. All options under the previous plan prior to March 23, 2010 were transferred to the new Plan on the effective date. Under the new Plan, the Corporation may grant options to its employees, officers, directors and consultants up to 10% of the issued and outstanding common shares of the Corporation calculated on a non-diluted basis at the time of grant. The exercise price of options granted under the Plan is calculated as the five-day weighted average trading price of the common shares for the five trading days immediately preceding the date the options are granted. Options issued under the plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant. A summary of the status of the Corporation's stock option plan is as follows:



## SECURE ENERGY SERVICES INC.

### Notes to the Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in 000's except for share and per share information)

#### 5. SHARE CAPITAL (continued)

	March 31, 2010		December 31, 2009	
	Outstanding Options	Weighted Average Exercise Price \$	Outstanding Options	Weighted Average Exercise Price \$
Balance - beginning of period	3,447,900	1.98	2,288,500	1.67
Granted	1,771,025	2.98	1,159,400	2.59
Exercised	-	-	-	-
Cancelled	3,000	2.50	-	-
<b>Balance - end of period</b>	<b>5,215,925</b>	<b>2.32</b>	<b>3,447,900</b>	<b>1.98</b>
<b>Exercisable - end of period</b>	<b>1,315,167</b>	<b>1.53</b>	<b>1,266,333</b>	<b>1.53</b>

Options outstanding				Options exercisable	
Exercise price \$	Outstanding Options #	Weighted Average Exercise Price \$	Weighted average remaining term (years)	Exercisable Options	Weighted Average Exercise Price \$
1.00 - 1.50	1,611,000	1.28	2.4	1,074,000	1.28
2.00 - 2.60	1,524,400	2.54	3.7	225,833	2.60
2.72 - 3.40	2,080,525	2.96	4.9	15,333	3.40
	<b>5,215,925</b>	<b>\$2.32</b>	<b>3.8</b>	<b>1,315,167</b>	<b>1.53</b>

During the three months ended March 31, 2010, the Corporation, as part of the IPO, granted 1,771,025 options to employees, officers and directors. The fair value of options granted prior to January 1, 2010 was estimated at the date of grant using the minimum value method in the Black-Scholes Option Pricing Model. Subsequent to December 31, 2009, the Corporation has incorporated a volatility factor of 52% in the Black-Scholes Option Pricing Model.

#### d) Performance Warrants

The Corporation has a performance warrant plan, under which the Corporation may grant performance warrants to its employees, officers, directors and consultants to a maximum of the amount of 1,075,994 performance warrants available and outstanding at the time of the grant. The number of warrants issued is approved by the Board of Directors at the time of grant. There are currently no remaining performance warrants to be granted. Performance warrants issued under the plan have a term of five years to expiry from the date of the grant and vest 1/3, 1/3, 1/3 based on predetermined threshold amounts of \$3.00, \$3.50 and \$4.25, respectively. The threshold amounts are determined using the weighted average trading price of the common shares of the Corporation for a period of 45 consecutive days.

**SECURE ENERGY SERVICES INC.**

**Notes to the Interim Consolidated Financial Statements**

**As at and for the three months ended March 31, 2010 and 2009 (unaudited)**

*(Expressed in 000's except for share and per share information)*

**5. SHARE CAPITAL (continued)**

A summary of the status of the Corporation's performance warrants is shown below:

	March 31, 2010		December 31, 2009	
	Outstanding Warrants	Weighted Average Exercise Price \$	Outstanding Warrants	Weighted Average Exercise Price \$
Balance - beginning of period	1,075,994	1.50	1,075,994	1.50
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
<b>Balance - end of period</b>	<b>1,075,994</b>	<b>1.50</b>	<b>1,075,994</b>	<b>1.50</b>
<b>Exercisable - end of period</b>	<b>358,664</b>	<b>\$1.50</b>	<b>358,664</b>	<b>1.50</b>

Warrants outstanding				Warrants exercisable	
Exercise price \$	Outstanding Warrants #	Weighted Average Exercise Price \$	Weighted average remaining contractual life in years	Exercisable Warrants	Weighted Average Exercise Price \$
1.50	1,075,994	1.50	2.22	358,664	1.50

Compensation cost of \$0.1 million has been recognized in the three months ended March 31, 2010 for stock options and warrants granted (three months ended March 31, 2009: \$0.1 million). These costs are recorded as stock based compensation expense with the offsetting amount being credited to contributed surplus.

**e) Contributed surplus**

The following table outlines the changes in the contributed surplus balance:

(000's)	Mar 31, 2010	Dec 31, 2009
	\$	\$
Balance - beginning of period	694	235
Stock-based compensation	104	459
<b>Balance - end of period</b>	<b>798</b>	<b>694</b>

## SECURE ENERGY SERVICES INC.

### Notes to the Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in 000's except for share and per share information)

#### 6. PER SHARE INFORMATION

Basic earnings per share calculations for the three months ended March 31, 2010 and 2009 were based on the weighted average number of common shares outstanding for the periods. Diluted earnings per share include the potential dilutive effect of the outstanding warrants and options to acquire shares.

The calculation of dilutive earnings per share does not include any options that are deemed anti-dilutive. These options would not be exercised during the period as the exercise price of the warrants and options exceeds the average market price of the Corporation's shares for the period. Inclusion of these warrants and options would cause the diluted earnings per share to be overstated for the period.

For the three months ended March 31, 2010, the weighted average number of common shares outstanding was 43,341,202 (three months ended March 31, 2009: 39,962,075). The diluted weighted average number of common shares outstanding during the three months ended March 31, 2010 was 44,242,584 (three months ended March 31, 2009: 40,839,554).

#### 7. FINANCIAL INSTRUMENTS

##### Financial instruments – carrying values and fair values

The fair values of financial assets and liabilities, together with the carrying amounts included in the consolidated interim balance sheets, are as follows:

(000's)	March 31, 2010		December 31, 2009	
	Carrying amount \$	Fair value amount \$	Carrying amount \$	Fair value amount \$
<b>Financial Assets:</b>				
<b>Held for trading:</b>				
Cash and cash equivalents	49,908	49,908	235	235
<b>Loans and receivables:</b>				
Accounts receivable	9,119	9,119	5,694	5,694
Notes receivable	464	464	459	459
<b>Financial Liabilities:</b>				
<b>Loans and receivables:</b>				
Accounts payable	6,195	6,195	3,326	3,326
Long term debt	-	-	4,788	4,900

## SECURE ENERGY SERVICES INC.

### Notes to the Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in 000's except for share and per share information)

#### 7. FINANCIAL INSTRUMENTS (continued)

##### Financial instruments – nature and extent of risks

The Corporation is exposed to various risks resulting from its financial assets and liabilities. The following analysis provides a measure of the risks as at March 31, 2010:

##### Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Corporation was exposed to interest rate risk during the period as it had borrowed funds at variable interest rates, however the balance of the credit facility was re-paid prior to March 31, 2010, therefore the Corporation's current exposure to interest rate risk on its credit facility is minimal. The Corporation currently does not use interest rate hedges or fixed interest rate contracts to mitigate the Corporation's exposure to interest rate fluctuations.

The Corporation is also exposed to interest rate risk on its cash held in a term deposit at a financial institution. A 0.5% increase or decrease in interest rates on the Corporation's term deposit would result in a \$0.2 million increase or decrease in net income for the year.

##### Commodity Price Risk

The value of the Corporation's oil inventory is impacted by the market price of oil. Oil prices have historically fluctuated widely and are affected by numerous factors outside of the Corporation's control. The Corporation has elected not to actively manage our commodity risk at this time as our exposure to these fluctuations is not considered significant.

##### Credit risk

The Corporation provides credit to its customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations of its customers. Substantially all of the Corporation's accounts receivable are due from companies in the oil and gas industry and are subject to the normal industry credit risks. The carrying value of accounts receivable reflects management assessment of the associated risks.

The following is a schedule of the Corporation's trade receivables:

(000's)	Mar 31, 2010	Dec 31, 2009
	\$	\$
Under 30 days	4,032	1,959
31-60 days	748	583
61-91 days	344	476
Over 90 days	189	213
<b>Accounts receivable</b>	<b>5,313</b>	<b>3,231</b>
<b>Provision for doubtful</b>	<b>44</b>	<b>44</b>

The Corporation is exposed to credit risk with respect to its cash and cash equivalents. However, the risk is minimized as cash is held at a major Canadian financial institution.

## SECURE ENERGY SERVICES INC.

### Notes to the Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in 000's except for share and per share information)

#### 7. FINANCIAL INSTRUMENTS (continued)

##### Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of its liquidity reflects estimates, assumptions and judgments relating to current market conditions.

The timing of cash outflows relating to financial liabilities are outlined in the table below:

(000's)	Less than 1 year	1 year to less than 3 years
	\$	\$
Accounts payable and accrued liabilities	6,195	-
Capital and operating lease obligations	842	464
Long term debt	-	-
<b>Total</b>	<b>7,037</b>	<b>464</b>

There are no amounts greater than four years.

#### 8. LETTERS OF GUARANTEE

As at March 31, 2010, the Corporation has approximately \$7.1 million in letters of guarantee issued by the Corporation's banker. The current fee for the issued guarantees is 1.5%. All guarantees reduce the Corporation's available secured credit facility (note 3). The guarantees are issued to various government authorities for potential reclamation obligations in accordance with applicable regulations (note 4).

#### 9. CAPITAL MANAGEMENT

The Corporation's objective in capital management is to ensure adequate sources of capital are available to carry out its planned capital program, while maintaining operational growth and increased cash flow so as to sustain future development of the business and to maintain creditor and shareholder confidence. Management considers capital to be the Corporation's current assets less current liabilities, total debt facilities and shareholders' equity as the components of capital to be managed.

Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures.

This includes the Board of Directors, reviewing on a monthly basis, the Corporation's monthly results, capital costs to budget and approved authorizations for expenditure. The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized budgets, and earnings before interest, taxes, and depreciation ("EBITDA") on all of its operations. The Corporation is subject to certain financial covenants in its credit facility agreements and is in compliance with all financial covenants.

## SECURE ENERGY SERVICES INC.

### Notes to the Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in 000's except for share and per share information)

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#### 10. RELATED PARTY TRANSACTIONS

The Corporation has interest bearing promissory note and pledge agreements with a fair value of \$0.5 million (December 31, 2009: \$0.5 million) with three of its shareholders who are also officers or employees of the Corporation. In addition, the Corporation incurred \$0.2 million (December 31, 2009: \$0.2 million) of expenses with companies that have common directors, officers and shareholders during the three months ended March 31, 2010. These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The nature of the expenses relate to service work on our disposal wells and for promotional items.

#### 11. COMMITMENTS & CONTINGENCIES

The Corporation has both capital and operating lease commitments. The future minimum lease payments are as follows:

Year	(000's)	
	Capital \$	Operating \$
2010	266	453
2011	193	200
2012	42	115
2013	21	16
Thereafter	-	-
<b>Total</b>	<b>522</b>	<b>784</b>

In December 2007, the Corporation was named as a co-defendant in a lawsuit on behalf of CCS Inc., seeking to recover damages in the aggregate of \$110 million allegedly sustained by them pertaining to actions by former employees who are now employees of the Corporation. During 2008, the Defendants filed their Statements of Defence and counter claim. The matters raised in the lawsuit are considered by the Corporation to be unfounded and unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to this claim and accordingly has not recorded any related liability.

**SECURE ENERGY SERVICES INC.**

**Notes to the Interim Consolidated Financial Statements**

**As at and for the three months ended March 31, 2010 and 2009 (unaudited)**

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**12. SUBSEQUENT EVENTS**

Pursuant to the long form prospectus dated March 23, 2010 and in connection with the IPO of 19,166,667 common shares, the Agents were granted an over-allotment option to purchase an additional 2,875,000 common shares at a price of \$3.00 per common share. On April 16, 2010, the Agents exercised this over-allotment option, resulting in additional gross proceeds to the Corporation of \$8.6 million. The closing of the exercise of the over-allotment option increased the aggregate gross proceeds of the initial public offering from \$57.5 million to \$66.1 million, and the common shares issued on the initial public offering from 19,166,667 to 22,041,667.

On May 3, 2010, the Corporation publicly announced the assets acquired under the purchase agreement (the "Purchase Agreement") with Pembina Area Landfill for \$11.8 million. Under the terms of the Purchase Agreement, Secure purchased all of the assets associated with a Class I and Class II landfill in the Drayton Valley area of Alberta, Canada.

# Corporate Information

## DIRECTORS

Rene Amirault  
Murray Cobbe <sup>(1) (2)</sup>  
David Johnson <sup>(2) (3)</sup>  
Kevin Nugent <sup>(1) (3)</sup>  
Brad Munro <sup>(1) (2) (3)</sup>

## OFFICERS

Rene Amirault  
President and Chief Executive Officer

Nick Wieler  
Vice President, Finance and Chief  
Financial Officer

Gary Perras  
Vice President, Operations

Daniel Steinke  
Vice President, Business Development

Karen Myrheim  
Vice President, Sales and Marketing

## STOCK EXCHANGE

Toronto Stock Exchange  
Symbol: SES

## AUDITORS

Meyers Norris Penny LLP  
Calgary, Alberta

## LEGAL COUNSEL

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## BANKERS

Alberta Treasury Branches

## TRANSFER AGENT AND REGISTRAR

Olympia Trust Company  
Calgary, Alberta

<sup>1</sup> Audit Committee

<sup>2</sup> Compensation Committee

<sup>3</sup> Corporate Governance Committee